



Agenda Date: 6/23//04
Agenda Item: 4A

STATE OF NEW JERSEY

Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

IN THE MATTER OF THE JOINT PETITION OF)	<u>TELECOMMUNICATIONS</u>
TELCOVE, INC., F/K/A ADELPHIA BUSINESS)	
SOLUTIONS, INC. AND TELCOVE INVESTMENT,)	ORDER OF APPROVAL
LLC F/K/A ADELPHIA BUSINESS SOLUTIONS)	
INVESTMENT, LLC FOR AUTHORITY TO)	
ENTER INTO CERTAIN FINANCING)	DOCKET NO. TF04050327
ARRANGEMENTS)	

(SERVICE LIST ATTACHED)

BY THE BOARD:

On May 5, 2004, TelCove, Inc. (f/k/a Adelphia Business Solutions, Inc.) (TelCove), and TelCove Investment, LLC (f/k/a Adelphia Business Solutions Investment, LLC) (TelCove-NJ or the Company) (together Petitioners), filed a joint petition with the New Jersey Board of Public Utilities ("Board or "BPU"), pursuant to N.J.S.A. 48:3-7, N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9 seeking authority to execute various financial instruments up to a total amount of \$45 million and to pledge the assets of the Company to secure those agreements. TelCove-NJ is a competitive local exchange carrier authorized to operate in the State of New Jersey, with its principal place of business in Coudersport, Pennsylvania. TelCove is the parent company of TelCove-NJ.

Petitioners seek authority to negotiate and execute a secured revolving credit facility in an amount up to \$45 million (the "Credit Facility"), on terms substantially similar to those contained in a confidential term sheet filed with the Board. The Credit Facility is structured so that one or more subsidiaries of TelCove may borrow from the revolving Credit Facility and use the proceeds for general corporate purposes, working capital, and to complete the financing of certain asset purchases. The proposed term of the Credit Facility is for a period of three years with two one year extensions if mutually agreed upon by the parties.

The Credit Facility will be secured by a security interest in all assets and properties of the Petitioners, including the stock in TelCove-NJ along with all of TelCove-NJ's assets, except for real property and assets which are currently subject to leases. Additionally, Petitioners note that in Docket No. TO03100771 the Board previously authorized TelCove to acquire, through a Pennsylvania subsidiary, certain interests in PECO Hyperion, a competitive local exchange carrier authorized to operate in the State of New Jersey. That transaction has not yet been

completed; however, it is TelCove's intention to complete the acquisition and ultimately to pledge those newly acquired assets to support this proposed credit facility.

The Ratepayer Advocate has reviewed this matter and recommends the Board approve this petition.

The Board, after investigation, having considered the record and exhibits submitted in this proceeding, being satisfied with the action taken by Petitioners as indicated above and finding that the transaction is in accordance with law and is not contrary to the public interest, and approving the purposes thereof, HEREBY ORDERS that TelCove, Inc., TelCove Investment, LLC and TelCove subsidiaries are HEREBY AUTHORIZED to execute a three year secured revolving Credit Facility in an amount up to \$45 million.

As a result of this review, Petitioners are authorized under the secured revolving Credit Facility:

- A. To borrow from the Credit Facility for general corporate purposes, capital expenditures, working capital and permitted investments and acquisitions, plus transaction fees and expenses related to the Credit Facility;
- B. To borrow up to \$45 million from the Credit Facility; and
- C. To pledge the stock and the assets of its subsidiaries, including TelCove-NJ and PECO Hyperion, to secure the Credit Facility.

This order is subject to the following provisions.

- 1. Petitioners shall notify the Board, within five business days, of any material changes in the Credit Facility, and shall provide complete details of such transactions including any anticipated effects upon service in New Jersey.
- 2. Petitioners shall notify the Board of any material default on the terms of the Credit Facility within five business days of such occurrence.
- 3. This Order shall not affect or in any way limit the exercise of the authority of the Board or of the State in any future petition with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or any other matters affecting the Petitioner.
- 4. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under such agreement does not constitute an automatic transfer of Petitioner's assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.

5. This order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by Petitioners.

DATED: **June 24, 2004**

BOARD OF PUBLIC UTILITIES
BY:

SIGNED

JEANNE M. FOX
PRESIDENT

SIGNED

FREDERICK F. BUTLER
COMMISSIONER

SIGNED

CAROL J. MURPHY
COMMISSIONER

SIGNED

CONNIE O. HUGHES
COMMISSIONER

SIGNED

JACK ALTER
COMMISSIONER

ATTEST:

SIGNED

KRISTI IZZO
SECRETARY

Service List

I/M/O of the Joint the Petition of Telcove, Inc. f/k/a Adelphia Business Solutions for Authority To Enter Into Certain Financing Arrangements

TF04050327

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